

# **EXHIBIT 3**

**To:** Veghte, Bill[bill.veghte@hp.com]; Halo Palo Alto B20C-Cannes[disabled-prehalo42@hp.com]; Hughes, Howard[howard.hughes@hp.com]; 'Burke, Sarah'[sarah.burke@autonomy.com]; 'Eloy Avila'[eloya@autonomy.com]; 'fernandol@autonomy.com'[fernandol@autonomy.com]; 'Egan, Stouffere'[stouffere@autonomy.com]; 'Neil.Araujo@Autonomy.com'[Neil.Araujo@Autonomy.com]; Brossard, Gerard[gerard.brossard@hp.com]; 'David Jones'[david.jones@autonomy.com]; Zadak, Jan[jan.zadak@hp.com]; 'ianb@autonomy.com'[ianb@autonomy.com]; 'mmooney@autonomy.com'[mmooney@autonomy.com]; 'andrew.joiner@autonomy.com'[andrew.joiner@autonomy.com]; 'rafiq.mohammadi@autonomy.com'[rafiq.mohammadi@autonomy.com]; 'sanjay.aurora@autonomy.com'[sanjay.aurora@autonomy.com]; 'rsass@autonomy.com'[rsass@autonomy.com]; 'msullivan@autonomy.com'[msullivan@autonomy.com]; 'jennifer.rapp@autonomy.com'[jennifer.rapp@autonomy.com]; Hughes, Howard[howard.hughes@hp.com]; 'wayne.harris@autonomy.com'[wayne.harris@autonomy.com]; 'Rob.Fisher@autonomy.com'[Rob.Fisher@autonomy.com]; 'Bill.Saumarez@autonomy.com'[Bill.Saumarez@autonomy.com]; 'Mike.Brunnick@autonomy.com'[Mike.Brunnick@autonomy.com]; 'nigel.hutchinson@autonomy.com'[nigel.hutchinson@autonomy.com]; 'elio.gambetta@autonomy.com'[elio.gambetta@autonomy.com]; Brown, Nicholas (HP Software)[nick.brown@hp.com]; Wagner, Hartmut[hartmut.wagner@hp.com]; 'mchang@autonomy.com'[mchang@autonomy.com]; Gaydon, Karen[karen.gaydon@hp.com]; joels@autonomy.com[joels@autonomy.com]; Chadha, Manu[manu.chadha@hp.com]; Fitzgerald, Maurice[maurice.fitzgerald@hp.com]; Frank Ippolito[frank.ippolito@autonomy.com]; Isherwood, Andrew[andrew.isherwood@hp.com]; Kolarova, Milena[milena.kolarova@hp.com]; Megan Manley (Megan.Manley@autonomy.com)[Megan.Manley@autonomy.com]; hazel.lim@autonomy.com[hazel.lim@autonomy.com]; Steve Reny[steve.reny@autonomy.com]  
**Cc:** Clark, Brian (APJ IM)[bclark@hp.com]; Levine, Marc A (Controllershship Organization)[marc.levine@hp.com]  
**From:** Yelland, Christopher  
**Sent:** Thur 5/31/2012 12:17:57 AM  
**Importance:** Normal  
**Subject:** RE: Autonomy Meetings with Bill Veghte - CANNES IS NEAR THE CAFETERIA TO RIGHT OF THE ENTRANCE  
[Q2 pipe.xlsx](#)  
[Q3 pipe.xlsx](#)  
[Q4 pipe.xlsx](#)  
[Summary pipe to Q4.xlsx](#)

Hi

In preparation for the meeting tomorrow I have looked into the history of license pipeline, conversion into revenue and the status of the pipeline for Q3 and Q4. Some of you have seen the data to Q3 already but Q4 is new. At this stage the data is pretty basic but we will refine the reporting over time and as we build up our history we will get more insight into the Autonomy specific trends and improve our analysis. In the meantime I hope the visibility is useful.

#### Notes

- Q3 2011 is Autonomy qtr is July-Sept and
- This is all Autonomy only data.
- This is licenses only (I do not yet have similar hosted orders data)

My observations from past trends are

- Around 50% of business is consistently on deals over \$1m. Deals > \$500k adds around 10% more of the total only.

- The start of qtr pipeline has grown significantly post acquisition which shows the potential of the business. Obviously this is boosted in Q3 by larger than normal slippages but directionally it is still correct.
- In contrast conversion rate has fallen sharply from pre aqn 46% thru Q1 29% to Q2 20%. So conversion rate was the major issue BUT had we been tracking these stats we could have seen that revenue above \$110 was unlikely (vs forecast of \$150m) and that a worst case of ~\$70m was possible - we did \$57m.
- The conversion rate issue and decline is apparent across the deal sizes, so whilst we will inevitably focus on big deals once we are in a qtr we have to also address how we manage the 'run rate' business.
- The qtrs below are very volatile and represent a period of great change. So they could be considered of limited predictive value, however the most reliable stat is the value of forecast deals at the start of the qtr were the exit has been at a multiple of between 0.99 and 1.3. So it would appear that the upside deals tend to balance out loss/slippages in committed deals and only provide up to 30% upside if any

#### Implications for Q3

- We do have a lot of pipeline but even taking the peak at week 3 of the qtr at \$320m, we would need to convert at the pre aqn high of 47% to make the Q3 forecast of \$166m and we would still miss budget of \$205m licenses. We are not generating enough pipeline to make budgets and need to analyse and action Q4 (see below)
- If we look at forecast deals only we are headed for around \$106m on today's cut of SMS.
- If I take the \$320m pipeline at Q1 conversion rates of 29% or 3.5x coverage (assuming we improve on Q2 but not back to the pre aqn high) then we are on \$85-\$105m depending whether I run this at a total level or by deal band.
- I do not believe that the slipped deals will themselves make the conversion rate (and final revenue) significantly easier or higher as we closed only \$14m out of the \$96m miss from Q2 during the first 3 weeks of Q3. My past experience is that after this timeframe the slipped deals merge into current qtr deals and no longer provide a specific boost to the numbers
- Obviously these can only be tentative conclusions and reinforce the need to gather the Sales VP's management forecasts to confirm the position, or hopefully show how we will reverse the trend much more effectively and make Q3 much more successful.

#### Implications for Q4

- Again the great news is pipeline continues to grow and is at \$351m already.
- However whilst it is difficult to interpret this without historical trends, using HPSW normal metrics we should have around 2.5x coverage vs revenue for next qtr at this stage. 2.5x at this stage would give us reasonable confidence to make 3.5x at the start of Q4, which would be our target coverage. With a budget lic revenue of \$267m this would imply we should have \$621m pipe at this stage (allowing for 10% of the lic revenue to be hardware). So we are way behind what we need to be confident to make budget. \$351m pipe at this stage would imply we are headed for around \$150m incl hardware, however this is a very tentative conclusion. The result depends far more on how we execute over the coming months but it is clear that we need a plan to deliver on Q3 revenue AND build Q4 pipe.
- Visibility into the shape of the pipeline for Q4 is limited as it is all in upside (and we do not have granular sales stages).
- Big deal mix (>\$1m) continues to be around 50% or slightly over. This is a very consistent metric

The summary in pipeline and revenue conversion and deal size analysis is below. I have also attached the detail by area so you can review your own history for Q2 and progress for Q3 and Q4.

Regards

Chris

SUMMARY OF LICENCE REVENUE FORECAST COMPARED TO REVENUE RECOGNISED											
	Q3 2011			Q1 2012			Q2 2012			Q3 2012	
	Start of Quarter	End of quarter		Start of Quarter	End of quarter		Start of Quarter	End of quarter		Start of Quarter	As M
Closed	\$ 28	-		512	-		1,030	-		4,413	
#	4	0		35	0		10	0		11	
With Legal	\$ 15,737	-		1,543	-		1,538	-		5,612	
#	18	0		18	0		12	0		11	
Forecast	\$ 75,525	-		57,352	-		48,463	-		37,540	
#	344	0		364	0		192	0		188	
UPSIDE	\$ 60,701	-		149,697	-		168,542	-		257,178	
#	339	0		733	0		849	0		1159	
Total licence deals	\$ 151,991	-		209,104	-		219,573	-		304,742	
#	705	0		1150	0		1063	0		1369	
Revenue	\$ -	70,366.20		-	59,791.62		-	43,954.50		-	
Hardware Revenue	\$ -	43,466.49		-	21,432.53		-	9,056.85		5,385.00	
# of deals	# 0	713		0	553		0	515		0	
Revenue/Total	\$ 46%	2.2		29%	3.5		20%	5.0			
Revenue/(F+W+C)	\$ 77%	1.3		101%	1.0		86%	1.2			
	Q3 2011			Q1 2012			Q2 2012			Q3 2012	
	Start of Quarter	End of Quarter	Conv rate	Start of Quarter	End of Quarter	Conv rate	Start of Quarter	End of Quarter	Conv rate	Start of Quarter	
deal >\$1m	\$ 48,459	36,938.07	76%	61,966	31,407.36	51%	66,526	22,198.35	33%	120,891	
#	24	19		30	10		39	10		56	
deal <\$1m	\$ 103,533	33428	32%	147,138	28384	19%	153,046	21756	14%	183,851	
#	681	694		1120	543		1024	505		1313	
\$500k < deal < \$1m	\$ 19,700	8,942.52	45%	29,213	5,251.74	18%	40,661	3,965.51	10%	40,923	
#	32	14		46	8		67	6		69	
\$250k < deal < \$500k	\$ 30,090	12734	42%	45,108	5982	13%	43,838	5265	12%	59,320	
#	93	35		139	17		135	15		183	
\$100k < deal < \$250k	\$ 40,124	9,294.32	23%	51,299	7,569.73	15%	48,069	6,118.39	13%	58,776	
#	264	65		346	51		322	40		393	
deal <\$100k	\$ 13,619	2,456.96	18%	21,519	9,580.81	45%	20,478	6,407.29	31%	24,832	
#	292	580		589	467		500	444		668	
Total licence deals	\$ 151,991	70,366.20	46%	209,104	59,791.62	29%	219,573	43,954.50	20%	304,742	
Total Hardware	\$ -	43,466.49		-	21,432.53		-	9,056.85		5,385.00	
#	705	713		1150	553		1063	515		1369	
Revenue											



-----Original Appointment-----

**From:** Cookson, Geri **On Behalf Of** Veghte, Bill

**Sent:** 30 May 2012 20:35

**To:** Halo Palo Alto B20C-Cannes; Hughes, Howard; Yelland, Christopher; 'Burke, Sarah'; 'Eloy Avila'; 'fernandol@autonomy.com'; 'Egan, Stouffer'; 'Neil.Araujo@Autonomy.com'; Brossard, Gerard; 'David Jones'; Zadak, Jan; 'ianb@autonomy.com'; 'mmooney@autonomy.com'; 'andrew.joiner@autonomy.com'; 'rafiq.mohammadi@autonomy.com'; 'sanjay.aurora@autonomy.com'; 'rsass@autonomy.com'; 'msullivan@autonomy.com'; 'jennifer.rapp@autonomy.com'; Hughes, Howard; 'wayne.harris@autonomy.com'; 'Rob.Fisher@autonomy.com'; 'Bill.Saumarez@autonomy.com'; 'Mike.Brunnick@autonomy.com'; 'nigel.hutchinson@autonomy.com'; 'elio.gambetta@autonomy.com'; Brown, Nicholas (HP Software); Wagner, Hartmut; 'mchang@autonomy.com'; Gaydon, Karen; joels@autonomy.com; Chadha, Manu; Fitzgerald, Maurice; Frank Ippolito; Isherwood, Andrew; Kolarova, Milena; Megan Manley (Megan.Manley@autonomy.com); hazel.lim@autonomy.com; Steve Reny

**Cc:** Clark, Brian (APJ IM); Levine, Marc A (Controllership Organization)

**Subject:** Autonomy Meetings with Bill Veghte - CANNES IS NEAR THE CAFETERIA TO RIGHT OF THE ENTRANCE

**When:** 31 May 2012 08:00-15:00 (UTC-08:00) Pacific Time (US & Canada).

**Where:** Halo Palo Alto B20C-Cannes and Halo Rome ROM01 GRD; NEW DIAL IN NUMBERS BELOW

<< File: Interim Schedule V5.xlsx >> << File: Autonomy Sales Alignment Global meeting 31st May 2012 V8.pdf >>

**NEW DIAL IN NUMBERS:**

Conference code: 3048458822#

United States - Toll Free: (866) 244-7069

- Standard International Dial-In: (224) 357-2826

Italy - 800149838

- Milan: 0236008112

Czech Republic - 800701416

- Prague: 225986548

***For those coming to Palo Alto, please check in at the Main Visitors' Lobby in Building 20A at 3000 Hanover Street. They will give you badges and guide you to Cannes Halo Room on Level C.***

**The Agenda for Thursday's meeting:**

For those joining via phone/Virtual Room, please be sure to do so from a land line and that you can access the VR from your computers.

**1-702-696-4520 or 1-866-409-2889**

Conference code: 9275179924

Leader pin: 484873

Event Keys		
Presenter key	EHG3B5G6MT	<a href="https://www.rooms.hp.com/attend/default.aspx?key=EHG3B5G6MT">https://www.rooms.hp.com/attend/default.aspx?key=EHG3B5G6MT</a>
Participant key	EPZQTHJJB5	<a href="https://www.rooms.hp.com/attend/default.aspx?key=EPZQTHJJB5">https://www.rooms.hp.com/attend/default.aspx?key=EPZQTHJJB5</a>

The Cannes Halo Room in Palo Alto is located in Building 20, Level C at 3000 Hanover Street in Palo Alto.

The Rome Halo meeting will begin at **5PM** local time

<b>Country</b>	Italy
<b>Outlook Studio Name</b>	Rome
<b>Address</b>	Via Achille Campanile, 85 Rome, Italy 00144
<b>Building</b>	Campanile 1 Ground Floor
<b>Lock Information</b>	Room is locked. You must sign in at the reception desk to collect the key.
<b>Map</b>	<a href="#">Site information</a>